

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF WEST VIRGINIA**

**RECON H3, LLC, a
Texas limited liability
company,**

Plaintiff,

v.

**ANTERO RESOURCES
CORPORATION, a
Delaware corporation,**

Defendant.

ELECTRONICALLY
FILED
May 11 2018
U.S. DISTRICT COURT
Northern District of WV

Civil Action No. 1:18-CV-110 (Keeley)

COMPLAINT

For its Complaint against defendant Antero Resources Corporation ("Antero"), plaintiff Recon H3, LLC ("Recon H3") avers as follows:

The Parties

1. Recon H3 is a duly formed and validly existing Texas limited liability company. Its principle place of business is located in Dallas, Texas. None of Recon H3's members are residents of Delaware.
2. Recon H3 owns oil and gas interests in properties located in Ritchie County, West Virginia.
3. Antero is a corporation organized under the laws of Delaware. Its principle place of business is located in Denver, Colorado.
4. Antero is an independent oil and natural gas company engaged in the exploration, development, production, and acquisition of natural gas, NGL's, and oil properties in the Appalachian Basin, including Ritchie County, West Virginia.

Jurisdiction and Venue

1. This Court has subject matter jurisdiction pursuant to 28 U.S.C. § 1332(a) because the matter in controversy exceeds the sum or value of \$75,000, exclusive of interest and costs, and is between citizens of different states.

2. This Court may properly exercise personal jurisdiction over Antero because Antero regularly conducts business in this judicial district.

3. Venue is proper in this judicial district pursuant to 28 U.S.C. § 1391(b)(2) because the oil and natural gas property at the center of this civil action is located here and a substantial part of the events or omissions giving rise to Recon H3's claims arose here.

Factual Allegations

8. By virtue of the following leases (collectively, the "Leases"), Antero has the right to drill for, produce and sell natural gas from certain properties in Ritchie County, West Virginia (the "Subject Properties"):

- Natural Gas and Oil Lease dated September 2, 1983, originally by and between Mary M. Welch as Administratrix of the Estate of N. M. Welch Estate (as lessor) and Kepco, Inc. (as lessee), recorded in the Office of the Clerk of the County Commission of Ritchie County, West Virginia, at lease book 163, page 131 (the "Welch Lease");
- Natural Gas and Oil Lease dated September 13, 1983, originally by and between Ruth Spencer and Harley E. Spencer (as lessors) and Kepco, Inc. (as lessee), recorded in the Office of the Clerk of the County Commission of Ritchie County, West Virginia, at lease book 165, page 643 (the "Spencer Lease"); and

- Agreement dated June 11, 1919, originally by and between William J. Collins and Sarah Collins (as lessors) and E.D. Willis (as lessee), recorded in the Office of the Clerk of the County Commission of Ritchie County, West Virginia, at lease book 42, page 55 (the "Collins Lease").

9. True and correct copies of the Welch Lease, Spencer Lease, and Collins Lease are attached hereto as Exhibits A, B, and C, respectively.

10. By virtue of that certain Mineral and Royalty Deed attached hereto as Exhibit D (the "Mineral & Royalty Deed"), Recon H3 acquired the interests of the lessors in the Leases on July 5, 2016.

11. The Mineral & Royalty Deed was properly recorded in deed book 347, page 453, in the Office of the Clerk of the County Commission of Ritchie County, West Virginia, on July 8, 2016.

12. Recon H3 is now the lessor under the Leases and Antero is now the lessee under the Leases. As such, Antero owes Recon H3 certain duties and obligations, including, without limitation, the duty to pay Recon H3 production royalties for natural gas extracted from the Subject Properties and any drilling units which include any of the Subject Properties on or before the 25th day of the month following the month in which the natural gas was sold.

13. Since Recon H3 acquired its interests in the Subject Properties, Antero has produced and sold hundreds of thousands of cubic feet of natural gas from the Subject Properties and drilling units which include the Subject Properties.

14. Antero paid production royalties to Recon H3 under the Leases for natural gas produced and sold from the Subject Properties and drilling units from June 28, 2017 - January 29, 2018.

15. Antero has failed, however, to pay production royalties to Recon H3 under the Leases for natural gas produced and sold from the Subject Properties and drilling units since January 29, 2018.

COUNT I
Breach of Contract

16. Recon H3 hereby repeats and incorporates by reference as if fully set forth herein the allegations contained in Paragraphs 1-15 above.

17. The Leases are valid, binding, and enforceable contracts between Recon H3 (as lessor) and Antero (as lessee).

18. Under the Leases, Antero is required to pay Recon H3 production royalties for natural gas extracted from the Subject Properties and any drilling units which include any of the Subject Properties on or before the 25th day of the month following the month in which the natural gas was sold.

19. Antero has breached the Leases by failing to pay production royalties to Recon H3 under the Leases for natural gas produced and sold from the Subject Properties and drilling units since January 29, 2018.

20. As a result of Antero's breach, Recon H3 has suffered or incurred damages in excess of \$75,000, exclusive of interest and costs.

WHEREFORE, Recon H3 respectfully requests that the Court enter an Order awarding it compensatory damages in an amount to be determined at trial, along with pre- and post-judgment interest, and all other remedies which the Court believes are right and just.

PLAINTIFF DEMANDS A TRIAL BY JURY AS TO ALL TRIABLE MATTERS.

RECON H3, LLC,
By Spilman Thomas & Battle, PLLC

/s/ James A. Walls

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